

BILL LOCKYER, Attorney General
of the State of California
JAMI L. CANTORE, State Bar No. 165410
Deputy Attorney General
California Department of Justice
300 So. Spring Street, Suite 1702
Los Angeles, CA 90013
Telephone: (213) 897-2569
Facsimile: (213) 897-2804

Attorneys for Complainant

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

STEVEN CONRAD VEEN
7936 E. 6th Street
Downey, CA 90241

Certified Public Accountant License No. CPA
40580

Respondent.

Case No. AC-2003-22

OAH No. L-2003060568

**DEFAULT DECISION
AND ORDER**

[Gov. Code, §11520]

FINDINGS OF FACT

1. On or about May 9, 2003, Complainant Carol Sigmann, in her official capacity as the Executive Officer of the California Board of Accountancy, Department of Consumer Affairs, filed Accusation No. AC-2003-22 against Steven Conrad Veen (Respondent) before the California Board of Accountancy.

2. On or about June 8, 1984, the California Board of Accountancy (Board) issued Certified Public Accountant License No. CPA 40580 to Respondent. The Certified Public Accountant License was in full force and effect at all times relevant to the charges brought herein and expired on October 31, 2003.

3. On or about May 19, 2003, Maria-Elena Hernandez, an employee of the Department of Justice, served by Certified and First Class Mail a copy of the Accusation No. AC-2003-22, Statement to Respondent, Notice of Defense, Request for Discovery, and Government Code sections 11507.5, 11507.6, and 11507.7 to Respondent's address of record

1 with the Board, which was and is 7936 E. 6th Street, Downey, CA 90241. A copy of the
2 Accusation, the related documents, and Declaration of Service are attached as Exhibit A, and are
3 incorporated herein by reference.

4 4. Service of the Accusation was effective as a matter of law under the
5 provisions of Government Code section 11505, subdivision (c).

6 5. On or about June 12, 2003, Respondent filed a Notice of Defense. A copy
7 of the Notice of Defense is attached as Exhibit B, and is incorporated herein by reference.

8 6. On or about January 26, 2004, Respondent submitted his request to
9 withdraw his Notice of Defense in this case. A copy of Respondent's request to withdraw his
10 Notice of Defense is attached as Exhibit C, and is incorporated herein by reference.

11 7. Government Code section 11506, subdivision (c) states:

12 "The respondent shall be entitled to a hearing on the merits if the respondent files
13 a notice of defense, and the notice shall be deemed a specific denial of all parts of the accusation
14 not expressly admitted. Failure to file a notice of defense shall constitute a waiver of
15 respondent's right to a hearing, but the agency in its discretion may nevertheless grant a hearing."

16 8. Respondent withdrew his Notice of Defense, and, therefore, waived his
17 right to a hearing on the merits of Accusation No. AC-2003-22.

18 9. California Government Code section 11520, subdivision (a) states:

19 "If the respondent either fails to file a notice of defense or to appear at the hearing,
20 the agency may take action based upon the respondent's express admissions or upon other
21 evidence and affidavits may be used as evidence without any notice to respondent."

22 10. Pursuant to its authority under Government Code section 11520, the Board
23 finds Respondent is in default. The Board will take action without further hearing and, based on
24 Respondent's express admissions by way of default and the evidence before it, contained in
25 exhibits A and C finds that the allegations in Accusation No. AC-2003-22 are true.

26 11. The total costs for investigation and enforcement are \$5972.00, as of
27 January 30, 2004.

28 ///

DETERMINATION OF ISSUES

1
2 1. Based on the foregoing findings of fact, Respondent Steven Conrad Veen
3 has subjected his Certified Public Accountant License No. CPA 40580 to discipline.

4 2. A copy of the Accusation and the related documents and Declaration of
5 Service are attached.

6 3. The agency has jurisdiction to adjudicate this case by default.

7 4. The California Board of Accountancy is authorized to revoke Respondent's
8 Certified Public Accountant License based upon the following violations alleged in the
9 Accusation:

10 a. Business and Professions Code section 5100, subdivisions (c) and (j), for
11 dishonesty and fraud in the practice of public accountancy;

12 b. Business and Professions Code section 5100, subdivision (g), for violating
13 section 5063, by failing to notify Board of suspension; and

14 c. Business and Professions Code section 5100, subdivision (h), for
15 suspension or revocation of the right to practice before any governmental board or agency.

16 ///

17 ///

18 ///

19 ///

20 ///

21 ///

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28

2

4

9

0

1

2

3

14

5

16

15

19

10

20

21

22

22

2.

24

0.

2

1

Exhibit A

Accusation No. AC-2003-22,
Related Documents and Declaration of Service

1 BILL LOCKYER, Attorney General
of the State of California
2 JAMI L. CANTORE, State Bar No. 165410
Deputy Attorney General
3 California Department of Justice
300 So. Spring Street, Suite 1702
4 Los Angeles, CA 90013
Telephone: (213) 897-2569
5 Facsimile: (213) 897-2804
6 Attorneys for Complainant

7
8 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
9 **STATE OF CALIFORNIA**
10

11 In the Matter of the Accusation Against:

Case No. AC-2003-22

12 STEVEN CONRAD VEEN
7936 E. 6th Street
13 Downey, CA 90241

A C C U S A T I O N

14 Certified Public Accountant License No. CPA
40580

15
16 Respondent.

17
18 Complainant alleges:

19 **PARTIES**

20 1. Carol Sigmann (Complainant) brings this Accusation solely in her official
21 capacity as the Executive Officer of the California Board of Accountancy, Department of
22 Consumer Affairs.

23 2. On or about June 8, 1984, the California Board of Accountancy issued
24 Certified Public Accountant License Number CPA 40580 to Steven Conrad Veen (Respondent).
25 The certificate was renewed continuously in the active status through October 31, 1997.
26 Effective November 1, 1997, the certificate was renewed upon receipt of the renewal fee
27 ("inactive"). A declaration of compliance with continuing education was not required. The
28 Certified Public Accountant License was in full force and effect at all times relevant to the

1 charges brought herein and will expire on October 31, 2003, unless renewed.

2 JURISDICTION

3 3. This Accusation is brought before the California Board of Accountancy
4 (Board), Department of Consumer Affairs, under the authority of the following laws. All section
5 references are to the Business and Professions Code unless otherwise indicated.

6 4. Section 5100 states:

7 "After notice and hearing the board may revoke, suspend or refuse to renew any
8 permit or certificate granted under Article 4 (commencing with Section 5070) and Article 5
9 (commencing with Section 5080), or may censure the holder of that permit or certificate for
10 unprofessional conduct that includes, but is not limited to, one or any combination of the
11 following causes:

12

13 "(c) Dishonesty, fraud, or gross negligence, or repeated negligent acts committed
14 in the same or different engagements, for the same or different clients, or any combination of
15 engagements or clients, each resulting in a violation of applicable professional standards that
16 indicate a lack of competency in the practice of public accountancy or in the performance of the
17 bookkeeping operations described in Section 5052.

18

19 "(g) Willful violation of this chapter or any rule or regulation promulgated by the
20 board under the authority granted under this chapter.

21 "(h) Suspension or revocation of the right to practice before any governmental
22 body or agency.

23

24 "(j) Knowing preparation, publication or dissemination of false, fraudulent, or
25 materially misleading financial statements, reports, or information."

26 5. Section 5063(a)(3) requires a licensee to report in writing to the Board
27 within 30 days the cancellation, revocation, or suspension of the right to practice as a certified
28 public accountant or a public accountant before any governmental body or agency.

1 6. Section 118, subdivision (b), of the Code provides that the expiration of a
2 license shall not deprive the Board of jurisdiction to proceed with a disciplinary action during the
3 period within which the license may be renewed, restored, reissued or reinstated.

4 7. Section 5107 states:

5 "The executive officer of the board may request the administrative law judge, as
6 part of the proposed decision in a disciplinary proceeding, to direct any holder of a permit or
7 certificate found guilty of unprofessional conduct in violation of subdivisions (b), (c), (i) [now
8 subdivision (j)], or (j) [now subdivision (k)] of Section 5100, or involving a felony conviction in
9 violation of subdivision (a) of Section 5100, or involving fiscal dishonesty in violation of
10 subdivision (h) of Section 5100 [now subdivision (i) of Section 5100], to pay to the board all
11 reasonable costs of investigation and prosecution of the case, including, but not limited to,
12 attorneys' fees. The board shall not recover costs incurred at the administrative hearing."

13 FIRST CAUSE FOR DISCIPLINE

14 (Suspension From a Government Agency)

15 8. Respondent is subject to disciplinary action under section 5100,
16 subdivision (h) in that Respondent was suspended by the Securities and Exchange Commission.
17 The circumstances are as follows:

18 a. On or about June 27, 2002, a final judgment was entered against Steven C.
19 Veen, in the United States District Court For the Central District of California, Case No. 02-
20 4555MN, in the matter of *Securities and Exchange Commission v. Aura Systems, Inc., Newcom,*
21 *Inc., Zvi (Harry) Kutzman, Steven C. Veen, Sultan W. Khan, Asif M. Khan and Korea Data*
22 *Systems USA, Inc.*

23 b. The Judgment prohibited Respondent, for a period of five (5) years from
24 the date of the Final Judgment, June 25, 2002, from acting as an officer or director of any issuer
25 that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C.
26 Section 78l] or that is required to file report pursuant to Section 15(d) of the Exchange Act [15
27 U.S.C. Section 78o].

28 //

1 c. On or about July 10, 2002, an Order was instituted against Steven Conrad
2 Veen in Securities and Exchange Commission Administrative Proceeding No. 3-10827, *In the*
3 *Matter of Steven C. Veen, CPA*, wherein Respondent was suspended from appearing or practicing
4 before the Commission as an accountant. The Order provided that after five years from the date
5 of the Order Respondent would be eligible to apply for reinstatement.

6 SECOND CAUSE FOR DISCIPLINE

7 (Failure to Notify Board of Suspension)

8 9. Respondent is subject to disciplinary action under section 5100,
9 subdivision (g), for violating section 5063 of the Code, in that Respondent failed to notify the
10 Board within 30 days of the suspension entered against him by the Securities and Exchange
11 Commission, as set forth in paragraph 8, above.

12 THIRD CAUSES FOR DISCIPLINE

13 (Dishonesty, Fraud in the Practice of Public Accountancy)

14 10. Respondent is subject to disciplinary action under section 5100,
15 subdivisions (c) and (j), in that Respondent knowingly prepared, published or disseminated false,
16 fraudulent, or materially misleading financial statements, reports, or information, as follows:

17 a. From at least 1996 to on or about 1998, Respondent, as the Chief Financial
18 Officer of Aura, knew or was reckless in not knowing, that Aura materially overstated its revenue
19 for 1997 and 1998, and provided Aura's independent auditors with false documents during the
20 year-end audit.

21 b. On or about January 19, 1999, Respondent signed and caused to be filed
22 with the Securities and Exchange Commission a false third quarter (ending November 30, 1998)
23 report of NewCom. Respondent knew or should have known that the report materially overstated
24 earnings and revenue, and created false sales numbers.

25 //

26 //

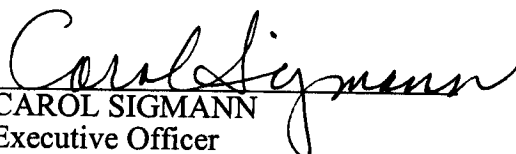
27 //

1 PRAYER

2 WHEREFORE, Complainant requests that a hearing be held on the matters herein
3 alleged, and that following the hearing, the California Board of Accountancy issue a decision:

- 4 1. Revoking, suspending, or otherwise imposing discipline on Certified
5 Public Accountant License Number CPA 40580, issued to Steven Conrad Veen;
6 2. Ordering Steven Conrad Veen to pay the California Board of Accountancy
7 the reasonable costs of the investigation and enforcement of this case, pursuant to Business and
8 Professions Code section 5107;
9 3. Taking such other and further action as deemed necessary and proper.

10 DATED: May 9, 2003
11

12 
13 CAROL SIGMANN
14 Executive Officer
15 California Board of Accountancy
16 Department of Consumer Affairs
17 State of California
18 Complainant
19
20
21
22
23
24
25